CTIA
Building The Wireless Future™
Cellular Telecommunications & Internet Association

October 31, 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
12th Street Lobby, TW-A325
Washington, DC 20554

Re: ***Ex Parte* Presentation**
Docket No. 96-45; Docket No. 98-171; Docket No. 90-571; Docket No. 92-237; CC Docket No. 95-116; Docket No. 98-170; NSD File No. L-00-72

Dear Ms. Dortch:

On October 31, 2002, the Cellular Telecommunications & Internet Association ("CTIA") represented by Diane Cornell, Vice President for Regulatory Policy, along with Roger Sherman, Senior Attorney, Sprint PCS, Bob Calaff, Senior Corporate Counsel of Governmental and Industry Affairs, T-Mobile USA, Peter Connolly, representing U.S. Cellular, and Anne Hoskins, Regulatory Counsel, Verizon Wireless met with Jordan Goldstein, Senior Legal Advisor for Commissioner Copps and Paul Margie, Legal Advisor for Commissioner Copps. CTIA reiterated its position that the existing revenue-based Universal Service Fund ("USF") assessment system should be retained as the most fair and equitable manner of collecting USF funds. The meeting began with the presentation of an interstate traffic study containing information from six wireless service providers. As detailed in the attached study, the percentage of interstate traffic carried by the six wireless service providers ranged from 10 percent to 28.5 percent.

Based on these studies, CTIA acknowledged that it would be appropriate to reexamine the wireless safe-harbor proxy. CTIA also noted that a revenue-based system, unlike a connection-based fee, would comport with Section 254(d) of the 1996 Act. Furthermore, preservation of the revenue-based USF collection system would also prevent disproportionate harm to no-use, low-use and low-income wireless service users.

Pursuant to Section 1.1206 of the Commission's Rules, this letter is being filed with your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,

Diane J. Cornell

Diane J. Cornell

cc: Jordan Goldstein
Paul Margie

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WIRELESS CARRIER INTERSTATE TRAFFIC STUDIES

TracFone: 10%[1]

Carrier 1: 19.6%[2]

Carrier 2: Incoming calls included: 20.4%
Incoming calls excluded: 22.7%
Incoming treated as intrastate and included: 14%[3]

Carrier 3: 24.89%[4]

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1 TracFone analyzed billing records received from its wireless service providers. These invoices contained call record detail that identified the originating cell site and the terminating location (using the area code). Greenberg Traurig Ex Parte Notice on behalf of TracFone Wireless, Inc., CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, and NSD File No. L-00-72 (Sept. 26, 2002).

2 Based on total minutes over a three month sample (May, June, July, 2002) not including directory assistance or international calls.

3 Based on a ten day nationwide analysis of all calls, using minutes of use. This analysis derived location information from the switch call detail data and was able to derive the location of the wireless subscriber from the cell site information (the "other end" location is determined by area code). For incoming calls, the carrier conducted three different "runs" to assess the effect of incoming calls on interstate or intrastate mix: (1) included incoming calls, except for those calls that couldn't identify the "other-end" NPA, and assigned them an interstate or intrastate status based upon the cell site/other-end NPA approach; (2) excluded all incoming calls from the proxy analysis (from both the numerator and the denominator, which essentially assumes that incoming interstate and international calls occur in the same proportion as do out-going interstate and international calls); and (3) included incoming calls and counted them all as intrastate (on theories that if a call crosses state boundaries, the sending caller is already paying a USF assessment on that call and that other carriers do not pay USF assessments on their terminating revenues, because those revenues are recouped on a carrier-to-carrier basis). Note that these are nationwide averages and there was significant variation across states, with the highest factor being from Washington, D.C., and the lowest factor associated with California.

4 Based on a seven day nationwide analysis of all calls, using minutes of use. The carrier estimates it measured about 97.5% of MOUs during query period. The traffic analysis measured both outgoing and incoming calls, but not roaming/traveling only

Carrier 4: 25%[5]

Carrier 5: 28.5%[6]

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accounts. Only 10 digit and 11 digit dialed calls were measured, and if a particular NPA was not on list, it was NOT counted as interstate or intrastate (approx 8%).

5 Based on a traffic analysis including outgoing and incoming minutes. Percentage reflects total minutes of use. This analysis is based on a comparison of the carrier's total minutes of use versus its total outgoing minutes of interstate use (derivable from IXC bills) and then adding an additional amount to account for incoming minutes based on this factor discounted by the carrier's estimate of the mix between incoming and outgoing minutes (derivable from LEC bills).

6 International is 1.8% of this figure. This figure was derived by examining all MOUs billed to the carrier by the LECs and the IXCs for the month of April 2002. Percentage reflect proportion of those billed MOUs that were interstate or international in nature. This analysis includes MOUs from roamers. Study reflects only outbound minutes.